

**EXHIBIT 393 TO  
CISNEROS DECLARATION  
REDACTED VERSION**



# **FSM Pre-Focal Analysis 2007**

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# 2007 Pre-Focal Prep

## Today's Objective:

Review and educate on '07 Market data, budget and group compensation trends

## Agenda:

- Review Focal budgets
- Review and discuss biz group specific analysis
- SMA Strategy and Priorities
- Grade 11-12 Staff
- Wrap Up

The data in this presentation provides compensation analysis that may help you when developing your Focal objectives

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## Focal "Sound bites"

### **Merit and promotion budget recommendations track with the market**

- Merit and promotion increases similar to last year

### **Intel continues with 3-year SMA strategy**

- [REDACTED]
- **Improving market competitiveness**
  - [REDACTED] +
  - [REDACTED]
  - Salary Ranges
- **Changes to Stock Option program** in line with strategy communicated last year to managers to reduce SOP.
  - [REDACTED]
  - [REDACTED]
- **Apply meritocracy and "do the right thing"**



## FSM WW Focal Budgets

FSM	Intel Hdcnt (12/19)	TMG Hdcnt	FSM '06 Hdcnt 14,219	FSM	
				TMG '06 YTD Turnover	'06 YTD Turnover (Nov. 2006)
USA	50,712	23,949	11,411	6.1%	6.1%
Ireland	6,775	1,312	1,973	10.8%	12.4%
Israel	4,144	2,378	835	2.2%	4.1%
Totals	61,631	27,639	14,219 51%	7.2%	6.2%

Does not include the 13 in Malaysia  
Automation Eng., Factory & IT Mgr.

Merit and promotion budget recommendations track with market

- US Merit increases will be [REDACTED] for successful employees, same as last year. Merit matrix to be set at [REDACTED]
- 2<sup>nd</sup> Year of SMA Strategy; SMA budget is [REDACTED] WW SMA
- Promo budget based on historical promo rates & pay delta per grade
- Overall T-Cash Position of Market is Strong for FSM WW @ [REDACTED]
- FSM turnover [REDACTED] tracking [REDACTED] and [REDACTED]





## Exempt Base POM\*

### Key Messages:

#### US

- [REDACTED]
- [REDACTED]
- [REDACTED]

#### Ireland & Israel:

- [REDACTED]

\*Position of Market

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## US - Base POM by Grade



### Critical Job codes identified

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]



SMA will help close the gap for your critical jobs and move closer to the base POM goals

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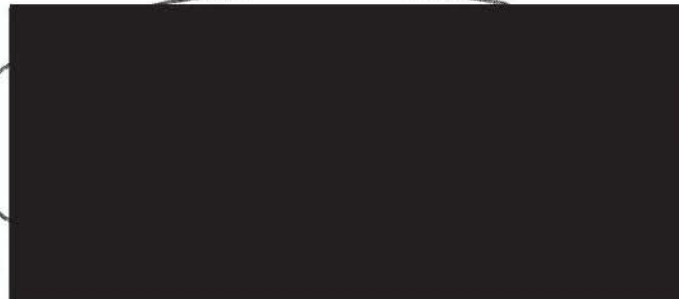


## Non-Exempt Base POM



### Key Messages:

- Overall, excellent improvement to WW POMs against country goals. Nonexempt Base POM average at [REDACTED] in the US, slightly more than goal of [REDACTED]. [REDACTED] are well positioned and have exceeded base pay goals.
- Last year, G56 received SMA, met objectives to move them closer to market
- Grade 53 are behind base pay goals ([REDACTED]) with a few in Oregon = Work Study & [REDACTED]. [REDACTED] to be significantly above market for lower grades [REDACTED], but lost market position in higher grades compared to last year.



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## SMA Strategy for 2007

### Strategy

- Continue with 3-year SMA strategy, but accelerate the fix for grade [REDACTED] as these grades are where we have the most significant gaps

### SMA Priorities for 2007:

1. [REDACTED] fully achieve base pay and total cash goals in 2007
2. [REDACTED] fully achieve base pay goals in 2007
3. Critical jobs, as validated by BGHR and Site GM/staff
4. [REDACTED]  
- [REDACTED]
5. Other jobs with gaps [REDACTED]

Overall, Intel expects [REDACTED] of the employees will be SMA eligible.

- Actual SMA generated will vary based on business groups

\*Higher Performer=An employee who received an "O" or "EE" twice AND received Level 1 or 2 SOP Twice in the last 3 Focals.

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## SMA by Country Preliminary Overview Grade 10 & below

Do not share or forward

Exempt



Non-Exempt



### Process:

- Current recommendation for Focal 2007 is for SMA to be used for jobs/grades:
- Jobs with market gaps > 6% are SMA eligible
- Critical jobs with market gaps < 6% may be eligible
- Will consider SMA for sustained high performers to ensure appropriate pay relative to market

### Key Messages:

Final SMA decisions will depend on available budget. Direct Managers will have access to SMA when the Focal Tool is available.

25% of FSM WW headcount will receive SMA (3,494 Total WW HC)

A total of 60 Job codes will receive SMA (50 for exempts & 10 for non-exempts)

SMA percent varies by job code, grade and country

Any remaining SMA dollars- Apply meritocracy



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## Exempts-SMA Generated by Job Title

Do not share or forward

### Key Messages:

Only shows SMA for H/C greater than 4 employees in a job code.

SMA will help close the gaps in

C&B **generates** SMA based on job codes and grades, but the business **allocates** based on internal equity and performance.

C&B will work with HR to develop a watchlist of high performers.

Job Title	USA	IRL	ISR	MYS	H/C
[REDACTED]					

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Note: Gov. & Public Affair will now fall under Legal

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## Non-exempts - SMA Generated by Job Title

Do not share or forward



### Key Messages:

Very little SMA was generated for [REDACTED] Majority of SMA generated [REDACTED]

- [REDACTED]
- [REDACTED]

MC receives only SMA for calibration tech and Adm.

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## Grade 11-13 SMA for 2007

### Strategy:

- Deliver SMA to close entire base pay and total cash gaps to market goals in one year

### Allocation Process:

- [REDACTED]
  - [REDACTED]
- SMA generated by job code
  - Employees in same grade/job code receive same %
- Shift money around as appropriate to support strategy:
  - Bring high performers above market targets where appropriate
  - Consider job scope and relative experience
  - Zero out or reduce SMA for lower performers
- Allocate SMA to EB targets per grade level guidelines and meritocracy
  - [REDACTED] Allocate accordingly to hit T-cash goals.
  - [REDACTED]

#### U.S. Only

The new Base POM goals

Grade	Before	New
[REDACTED]	[REDACTED]	[REDACTED]

Revised EB % Target Guidelines

Grade	Before	New
[REDACTED]	[REDACTED]	[REDACTED]



# FSM Grade 11-12 Staff

Site	Name	Intel Title	Grade	TIG	USD Intel Base Pay	USD Market Base Final	Goal Base POM	Actual Base POM	2007 - Year 2 SMA %	Adj. POM Tcash	2006 Rating	2006 SMA Alloc	2006 SOP+

Site	Name	Intel Title	Grade	TIG	USD Intel Base Pay	USD Market Base Final	Goal Base POM	Actual Base POM	2007 - Year 2 SMA %	Adj. POM Tcash	2006 Rating	2006 SMA Alloc	2006 SOP+

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## FSM Wrap Up

### Focal

- **Merit: Same message as last year!**
  - Spend all your Focal budget
  - Apply Meritocracy
  - Promo your high performers
  - "Do the Right Thing"
- **Promotions:**
  - Would expect to see more promotions of your higher performers in the lower grades
  - [REDACTED]
- **SMA:**
  - Redistribute SMA to those higher performing employees who are paid below market goals.
  - No SMA increase to IR employees, BE's may be considered, but should be a lower priority
  - Improve market position for process and software engineers.
  - Do NOT share SMA information - "For Your Eyes" Only

### Next Steps

- January Focal Kick-off
  - Review final budget and any key analysis with your staff

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# Back-Up

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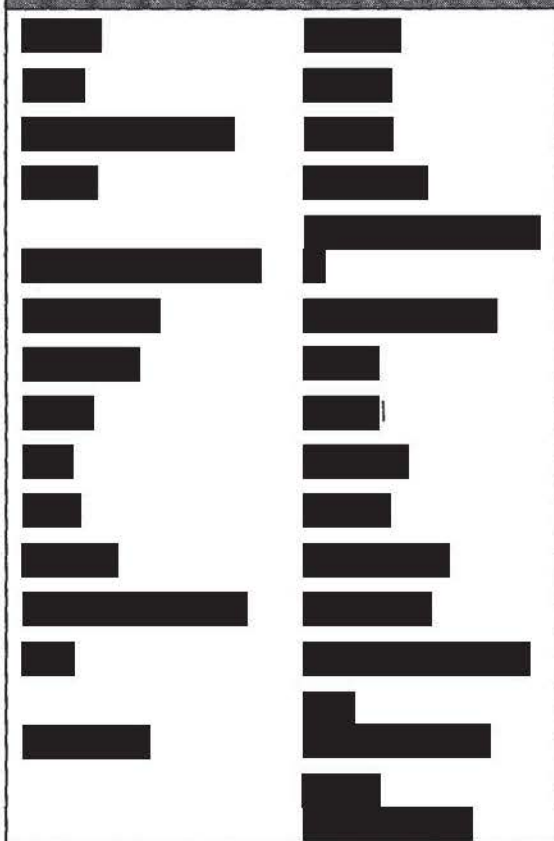
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# US T-Comp Competitors

## US 2007 T-Comp Competitors



T-Comp Competitors: Companies against which Intel benchmarks compensation:

- 30 tech companies generally considered comparable to Intel
- Blend of semi, software, networking, communications, and diversified computer companies

Competitors may be modified by geo

- Based on local competition for talent

Competitor companies vary when offline surveys are used for specialized skills.

- Data is not available for special skills in our normal survey ( ie: legal, vc, client managers, etc)



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## T-Comp Changes in 2007

**2006 Compensation Changes:** Announced that Intel would improve our target for total cash pay from "average" to "above average", and deliver to that target over the course of 3 years. Inject additional focal budget (SMA \$) over 3 years to jobs that are below target, resulting in base + bonuses > market when Intel profitability matches or beats industry performance

Program	What's Changing	Why?
Base Pay	<ul style="list-style-type: none"> <li>•Higher POM Base <b>Goals in the US</b> <div style="background-color: black; height: 15px; width: 100%; margin-bottom: 2px;"></div> <div style="background-color: black; height: 15px; width: 100%; margin-bottom: 2px;"></div> <div style="background-color: black; height: 15px; width: 100%;"></div> </li> <li>•In Israel, overall goals were adjusted according to the corporate direction.</li> </ul>	<p>Improve our Base pay POM.</p> <p>Market competitive</p>
EB	<ul style="list-style-type: none"> <li>•Increase EB max target ranges <div style="background-color: black; height: 15px; width: 100%; margin-bottom: 2px;"></div> <div style="background-color: black; height: 15px; width: 100%; margin-bottom: 2px;"></div> <div style="background-color: black; height: 15px; width: 100%;"></div> </li> <li>•Changes to Formula</li> </ul>	<p>Improve our T-Cash POM.</p> <p>Market competitive</p>
Salary Ranges	<div style="background-color: black; height: 15px; width: 100%; margin-bottom: 2px;"></div> <div style="background-color: black; height: 15px; width: 100%;"></div>	Market competitive





Program	What's Changing	Why?
Stock Grants	<p>Stock grant reductions - Two-step process:</p> <p>2007:</p> <ul style="list-style-type: none"><li>[REDACTED] Eliminate stock options and increase RSUs slightly</li><li>[REDACTED] Reduce stock options by 50% and increase RSUs slightly</li><li>[REDACTED] Increase RSUs in the stock mix by 10%</li></ul> <p>Example: [REDACTED]</p> <p>2008:</p> <p>[REDACTED]</p>	<p>[REDACTED]</p> <p>[REDACTED]</p>

# US Salary Ranges

## Effective 1/1/07

Grade	Average of			Average of
	Midpoint			Move
	Average of	Average of	Average of	from old
	New	New	New	to new
MinValue	MidValue	MaxValue		

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## TIG by High Performers (US)

### Key Messages:

Overall, excellent progress made last year promoting all grades. Majority of grades have TIG <1 year.

Grade 3 may be an opportunity to promote

Grade 54, 5 year + on the high end. Look to promote more.

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

### Opportunities:

Do the Right Thing....Again

Spend all your promo dollars

Apply meritocracy

	Exempts = High Performers Only			
Grade	<1yr	1-3yrs	3-5yrs	5+yr
[REDACTED]				

	Nonexempts = High Performers Only			
Grade	<1yr	1-3yrs	3-5yrs	5+yr
[REDACTED]				

\*Higher Performer=An employee who received an "O" or "EE" twice AND received Level 1 or 2 SOP Twice in the last 3 Focals.



## US Diversity Analysis (Exempts Only)

Key Indicators	Female	Male	Female H/(L) Male	URM	Non-URM	H/(L) Non URM

### Key Messages:

Pay looks good, areas of focus:

- High Performing ratings & stock for Females & URMs

### Corporate Diversity Direction:

- Focus is on US diversity with legally mandated diversity audits (performance and pay)
- Audits on rating, trends, etc. will be part of the focal rollup process
- OFCCP pay analysis will occur outside of focal



# Higher Performers by Top 3 HC positions

RatingTrend	HP
Country	USA
FLSA	E








Count of ID		TIGrouping			
IntelTitle	Grade	<1yr	1-3yrs	3-5yrs	
[Redacted]	3	[Redacted]	[Redacted]		[Redacted]
	5	[Redacted]	[Redacted]		[Redacted]
	6	[Redacted]		[Redacted]	[Redacted]
	7	[Redacted]	[Redacted]	[Redacted]	[Redacted]
	8	[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	6		[Redacted]	[Redacted]	[Redacted]
	7		[Redacted]	[Redacted]	[Redacted]
	8		[Redacted]	[Redacted]	[Redacted]
	9		[Redacted]	[Redacted]	[Redacted]
	10		[Redacted]	[Redacted]	[Redacted]
[Redacted]	11		[Redacted]	[Redacted]	[Redacted]
	3		[Redacted]	[Redacted]	[Redacted]
	5		[Redacted]	[Redacted]	[Redacted]
	6		[Redacted]	[Redacted]	[Redacted]
	7		[Redacted]	[Redacted]	[Redacted]
[Redacted]	8		[Redacted]	[Redacted]	[Redacted]
	9		[Redacted]	[Redacted]	[Redacted]

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## Overview of WW Environment –

<b>GDP Growth</b>		After growth in 2006, a slowdown in most parts of the developed world will reduce world GDP growth in 2007. Despite slowdown, GDP growth is still strong.
<b>Inflation</b>		Global inflation rates will decline only gradually in 2007
<b>Unemployment</b>		Many countries will experience lower unemployment, although China, US and UK are expected to have slightly higher rates
<b>Labor Mkt</b>		Most countries will continue to experience robust labor market
<b>Avg Mkt Salary Movement</b>		Market movement projected to be equal or slightly up compared to 2005
<b>Mkt Turnover and Intel Turnover</b>		Intel and market turnover continue upward trend. Intel turnover increasing more than market, decreasing the gap between market
<b>Intel Offer Accept Rates</b>		Intel Offer accept rates have declined in most major countries

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# Key Indicators at a Glance

	2007 Economic Forecast			2006 Intel Workforce		2006 Market
	GDP	Inflation	UE	Offer Accept Rate	Turnover (Total)	Turnover (Total)
USA	2.2%	3.3%	5.2%			14.2%
Costa Rica	4.5%	11.1%	6.5%			12.1%
Germany	1.4%	2.4%	10.4%			3.1%
Ireland	5.3%	3.2%	3.8%			8.0%
Israel	4.1%	2.4%	8.0%			11.0%
Russia	5.9%	9.3%	6.5%			12.0%
UK	2.3%	2.1%	5.7%			5.8%
China	9.8%	2.3%	9.3%			17.2%
India	7.4%	4.9%	7.4%			18.5%
Japan	2.1%	1.3%	4.0%			7.6%
Malaysia	5.4%	3.9%	3.6%			18.8%
Philippines	5.0%	5.2%	8.3%			21.0%

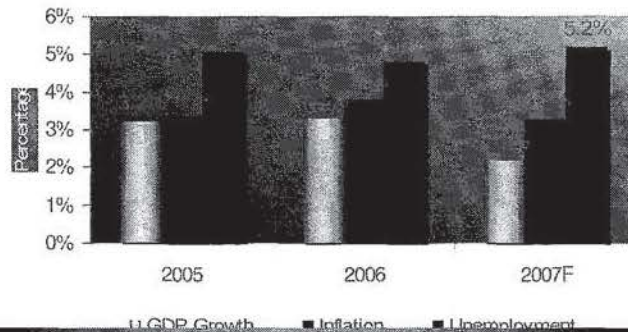
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# UNITED STATES

## Economic Indicators



## Workforce Indicators

## Budget Indicators

### External

- Increased use of RSUs and hiring bonuses at competitor companies

### Internal

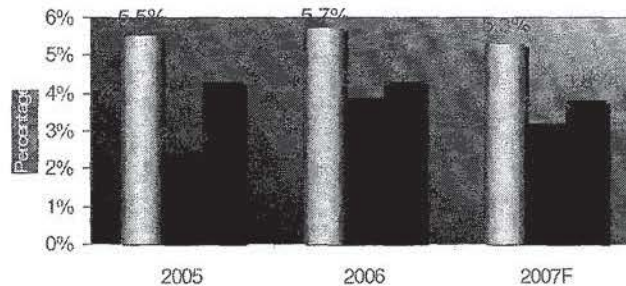
- Workforce retention is critical
- Undesired attrition is rising

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# IRELAND

## Economic Indicators



## Budget Indicators



## Workforce Indicators



### External

Manufacturing industry hit hard by redundancies

Several plant closures

Defined Benefit pension plans being reviewed

Car benefits moving to providing a cash allowance benefit only

### Internal

Retention challenges: Manufacturing Supervisors, Grade 3 Engineers.

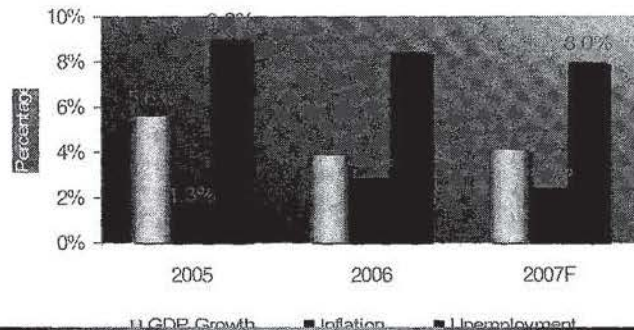
Concern that low morale, caused by SET actions, could have a knock on effect to attrition. HR in particular.



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# ISRAEL

## Economic Indicators



## Workforce Indicators

## Budget Indicators

### External

High-tech companies continue to add headcount

New design centers being opened (Oracle, Google, Microsoft)

High demand for skilled employees such as sw engineers, algorithm engineer, VLSI, ASIC and RF engineers

### Internal

Attraction challenges: RCG design engineers, Manufacturing Engineers

Retention risks: Grade 5&6 Engineers

- Dissatisfaction with salary





	2004	2005	2006	2007
Budget				

Forecasts in Green

\* As reported by Radford Surveys - not intended to be additive of Merit + Promo

	2005	2006	2007
Budget			

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	2005	2006	2007
Budget			

Forecasts in Green